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Delaware Division of Revenue Update

December 6, 2021

Topics



- Introduction to the Division of Revenue
- 2021 Tax Year Changes

Introduction



- **Part of the Department of Finance**
- **Locations in all three counties**
 - Carvel, 1st, 8th and 9th floors, Wilmington
 - Thomas Collins Building, Dover
 - DuPont Blvd., Georgetown
- **Approximately 185 personnel**
 - Including merit, casual-seasonal, contractual, staff augmentation

2021 PIT Changes



- **Volunteer Fire Fighter Tax Credits:** The non-refundable income tax credit increased from \$400 to \$500 for active members of Delaware volunteer fire, ambulance, or rescue service company or its auxiliary.
- **Unemployment benefits:** Benefits were exempt from Delaware income tax for tax year 2020. We expect that they will be taxable in tax year 2021.
- **DE Wins! Winnings:** Any winnings from this program will be exempt from state income taxation.
- **Donation Checkboxes:** Corrected Delaware Ovarian Cancer Foundation name and added the Combined Campaign for Justice as a new checkbox

2021 PIT Changes, cont.



- **Refundable Earned Income Tax Credit:**
 - Allows recipients to choose the most beneficial credit
 - a non-refundable credit of up to 20% of the federal EITC value or
 - a refundable credit of up to 4.5% of the federal EITC value
 - Credit will be compared to tax liability net of other non-refundable credits
- **Disabled Veterans' School Tax Credit.**
 - Disabled veterans are now eligible for a credit against school taxes up to the full amount of the school tax liability for a property owned by a fully disabled veteran. This is effective for the fiscal year starting in July 2022.
 - Information available at finance.delaware.gov/disabled-veterans/

2021 Business Tax Changes



- **Hard seltzer** is now taxed (for distributors) at the same rate as beer.
- **Employer Withholding.** DOR has discretion to adjust filing frequency for employers if they can demonstrate a hardship.
- **Information Reporting.** Information reporting sent to the IRS and addressed to a taxpayer resident in Delaware is also required to be filed with Delaware DOR.
- **NOLs Limited to those Claimed on Federal Return.** Net operating losses claimed on a separate Delaware Form 1100 will be limited to the NOL claimed on the federal return as filed, not the pro forma federal return
- **Business License Schedules.** Taxpayers with multiple licenses may now renew them on different schedules as they come due.
- **Mercantile agency or collection agency.** Clarified the definition to include agencies involved in the collection of both commercial and consumer debt.